

Message Text

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PAGE 01 PEKING 02483 01 OF 02 310648Z

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ACTION EA-06

INFO OCT-01 ISO-00 FBO-01 A-01 /009 W

----- 069876

R 310230Z DEC 75

FM USLO PEKING

TO SECSTATE WASHDC 4961

C O N F I D E N T I A L SECTION 1 OF 2 PEKING 2483

STADIS////////////////////////////////////

LIMDIS

FOR EA/PRCM - ARMSTRONG; EA/EX - SCARRITT

E.O.11652: GDS

TAGS: ABLD, CH

SUBJECT: USLO SPACE NEEDS

REF: PEKING 2394

SUMMARY: THIS MESSAGE PROVIDES REPORT ON STATUS OF OUR EFFORTS TO SECURE MORE OFFICE SPACE. DSB HAS NOT GIVEN US FINAL REPLY ON USLO OFFICE BUILDING EXPANSION, DESPITE REPEATED NUDGINGS. WE BELIEVE WE SHOULD MAKE APPROACH AT POLITICAL LEVEL ABOUT MID-JANUARY. WE HAVE ALSO INSPECTED TURKISH EMBASSY COMPOUND, WHOSE CHANCERY APPARENTLY WOULD MEET OUR OFFICE SPACE REQUIREMENTS. BUT THE PROPERTY WOULD NOT BE SUITABLE LONG-TERM SOLUTION. WE RECOMMEND DEPARTMENT CONSIDER (A) VISIT TO PEKING BY RALPH SCARRITT OF EA/EX, AND (B) CONTENT OF APPROACH TO MFA'S LIN PING IN ABSENCE OF RECEIPT OF DSB REPLY BY MID-MONTH. END SUMMARY

1. USLO CONSTRUCTION. USLO CHINESE EMPLOYEE ON OUR INSTRUCTION CALLED HOUSING DEPARTMENT DEC 19 TO ASK AGAPN STATUS OF CHINESE STUDY OF USLO EXPANSION REQUIREMENTS. DSB AGAIN RESPONDED THAT STUDY NOT YET COMPLETED. ON OUR FURTHER INSTRUCTION, CHINESE EMPLOYEE TELEPHONED DSB DEC 24 TO PRESS FOR INDICATION OF WHEN WE MIGHT EXPECT REPLY. DSB RESPONSIBLE PERSON SAID THAT DSB
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UNDERSTANDS OUR DESIRE FOR TIMING INFO,

AGAIN SAID THAT MATTER STILL UNDER CONSIDERATION AND WAS BEING REVIEWED NOT AT "HIGHER LEVELS". BECAUSE OF THIS REVIEW, HE CONTINUED, DSB CANNOT PROVIDE A REPLY TO USLO NOW AND ASKS THAT USLO AWAIT ANSWER, WHICH WILL BE TRANSMITTED TO USLO AS SOON AS RECEIVED FROM HIGHER AUTHORITIES.

2. THIS IS CLEAREST REPLY RECEIVED SINCE DSB CONSTRUCTION TEAM'S NOV 10 INSPECTION OF USLO. ALTHOUGH IT FALLS SHORT OF GUARANTEEING WHEN WE WILL RECEIVE HELPFUL ANSWER AND, OF COURSE, SHORT OF SAYING WHAT THAT ANSWER WILL BE, WE SEE LITTLE ALTERNATIVE TO WAITING NOW AT LEAST ANOTHER FORTNIGHT BEFORE RAISING THE MATTER AGAIN. IF NO ANSWER RECEIVED BY THEN, WE TENTATIVELY HAVE IN MIND AT THAT TIME ASKING DSB AGAIN FOR STATUS REPORT, BUT FEEL WE SHOULD TAKE MATTER UP AT THAT POINT AT MFA POLITICAL LEVEL, PROBABLY TO AMERICAN AFFAIRS DIRECTOR LIN PING. (QUESTIONS CHINESE PRESUMABLY ARE CONSIDERING INCLUDE (A) WHAT EXPANSION IS TECHNICALLY FEASIBLE; (B) WHAT EXPANSION WILL CHINESE BE POLITICALLY INCLINED TO FACILITATE.)

3. TURKISH EMBASSY. SINCE REFTTEL, WE HAVE EXAMINED FURTHER THE POSSIBILITY OF A DIRECT TRADE OF USLO PROPERTY FOR THE TURKISH EMBASSY PROPERTY. TO THIS END, WE HAVE INSPECTED THE TURKISH PROPERTY (ALTHOUGH WE HAVE NOT ENTERED EVERY ROOM AND DO NOT HAVE BLUEPRINTS) AND TALKED WITH THE TURKISH AMBASSADOR AND OTHER OFFICERS. THE TURKS CLEARLY ARE ANXIOUS TO MAKE THE TRADE. THEIR STATED REASON IS THAT THEIR CHANCERY, FORCED UPON THEM BY THE CHINESE, IS SIMPLY MEKH TOO BIG FOR THEIR NEEDS. THE TURKISH PROPERTY, LOCATED ON THE NORTHERN EDGE OF SAN LI TUN (BOUNDED BY ARGENTINE, CAMEROON, SOMALI, AND MEXICAN PROPERTIES ON 3 SIDES AND OPEN SPACE ON NORTH) CONSISTS OF
(A) A THREE-STORY (PLUS FULL BASEMENT) CHANCERY WITH ABOUT 25 OFFICES, TO WHICH IS APENDED A WING FOR ENTERTAINMENT (A LARGE RECEPTION ROOM, DINING ROOM SEATING ABOUT 30, A KITCHEN AND A BALLROOM/PROJECTION ROOM);
(B) A RESIDENCE, NOT LINKED TO THE CHANCERY, WHICH IS SMALLER THAN THE USLO RESIDENCE IF ONE INCLUDES THE USLO DOWNSTAIRS RECEPTION/DINING AREA, AND IS NOT AS CONVENIENTLY LAID OUT
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(C) AN APARTMENT BUILDING CONTAINING EIGHT RELATIVELY SMALL APARTMENTS OF ONE AND TWO BEDROOMS; (D) SMALL OUTBUILDINGS NOT AS LARGE AS USLO'S. THE TURKS HAVE BEEN PAYING YUAN 96,000 ANNUAL RENTAL ON THE WHOLE PROPERTY. THIS IS BEING RAISED TO YUAN 166,000 (SIC) AS OF JAN 1, 1976. TURKISH PROPERTY (ABOUT 10,000 SQ. METERS) IS ABOUT TWICE AS LARGE AS USLO AND HAS AMPLE OPEN GROUND SPACE FOR

FURTHER CONSTRUCTION. ESTHETICALLY, THE CHANCERY AND OTHER BUILDINGS ARE STRICTLY "PEKING DRAB" AND THE COMPOUND IS NOT A SUITABLE LONG-TERM SOLUTION.

4. THE SINGLE DEFINITE ADVANTAGE OF A SWAP WITH THE TURKS IS THAT WE WOULD HAVE ADEQUATE OFFICE SPACE (AFTER INTERNAL RECONSTRUCTION) FOR NEEDS CONTEMPLATED OVER THE NEXT FEW YEARS. AT FIRST BLUSH, THE MAJOR DISADVANTAGE TO SUCH A SWAP WOULD BE THE COSTS. WE ARE PAYING YUAN 78,885 ANNUALLY FOR THE USLO COMPOUND PLUS YUAN 29,256 FOR EIGHT APARTMENTS OF SIZES ROUGHLY COMPARABLE TO THOSE ON THE TURKISH COMPOUND. THIS TOTALS NOW YUAN 108,141. ASSUMING A 20 PERCENT

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C O N F I D E N T I A L SECTION 2 OF 2 PEKING 2483

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INCREASE (PROBABLE MINIMUM) IN THESE SEVERAL USLO RENTALS DURING 1976, THE TOTAL WOULD BE YUAN 129,769. THIS IS YUAN 36,231 (US \$18,490) LESS THAN THE TURKS ARE PAYING. IN ADDITION TO THIS RENTAL COST OF SUCH A TRADE (ASSUMING A 20 PERCENT INCREASE), WE WOULD ALSO HAVE MAJOR - AND PRESUMABLY MUCH GREATER - EXPENSES OF INSTALLING VAULT/COMMUNICATIONS SECTION AND ACOUSTIC CONFERENCE ROOM IN A NEW BUILDING PLUS OTHER COSTS INEVITABLY ASSOCIATED WITH SUCH A MOVE. HOWEVER, IF THE CHINESE IMPOSE THE KIND OF INCREASE ON US THAT THEY HAVE IMPOSED ON THE TURKS IT MIGHT BE CHEAPER TO TAKE OVER THE TURKISH COMPOUND (WITH APARTMENTS), DEPENDING ON INSTALLATION COSTS. IF WE REMAIN IN USLO, OF COURSE, WE WILL HAVE TO FACTOR IN THE COST OF CONSTRUCTION WHETHER WE PAY A LUMP SUM OR PAY HIGHER RENT TO DEFRAY CONSTRUCTION COSTS. (OUR 3-YEAR USLO LEASE ENDS IN

JUNE; APARTMENT RENTALS ARE ON ANNUAL BASIS.)

5. MOVE TO TURKISH COMPOUND WOULD HAVE THESE CLEAR DRAWBACKS: LESS ATTRACTIVE RESIDENCE FOR USLO CHIEF; RELOCATION OUT OF OUR MORE CENTRAL AREA TO THE SAN LI TUN

DIPLOMATIC GHETTO; PROBLEMS OF PLACING USLO STAFF INTO GHETTO-WITHIN-A-GHETTO FORMED BY THE EIGHT APARTMENTS (USLO STAFF GENERALLY OPPOSE MOVING INTO COMPOUND APARTMENTS); UNSUITABLE AS LONG-TERM SOLUTION.

6. TURKS TELL US THAT CHINESE SOME TIME AGO GAVE TURKS
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OKAY TO SEEK A SWAP WITH ANOTHER EMBASSY, BUT WE ARE NOT CERTAIN, OF COURSE, HOW CHINESE WOULD REACT, IN THE EVENT, TO A PROPOSED EXCHANGE WITH USLO.

7. WE WOULD ENVISAGE A SWAP WITH THE TURKS, IF IT WERE TO TAKE PLACE AT THIS STAGE, AS ONLY A TEMPORARY EXPEDIENT TO TIDE US OVER UNTIL NORMALIZATION, WHEN WE WOULD PRESUMABLY WISH TO PRESS FOR A LARGER AND MORE SUITABLY DESIGNED PROPERTY COMPLEX. IT IS POSSIBLE THAT A SWAP WITH THE TURKS NOW WOULD REDUCE OUR FUTURE LEVERAGE FOR OBTAINING SUITABLE PERMANENT QUARTERS, BUT WE ARE NOT AT ALL SURE THIS WOULD BE THE CASE.

8. WE OF COURSE WILL BE ABLE TO WEIGH THE RELATIVE COSTS AND OTHER PROBLEMS INVOLVED IN THE TURKISH EMBASSY/USLO EXPANSION ALTERNATIVES ONLY AFTER RECEIVING THE CHINESE REPLY DISCUSSED IN PARAS 1 AND 2. REQUIRED FINANCING AND RESTRUCTURING OF TURKISH EMBASSY PRESUMABLY WOULD REQUIRE MANY MONTHS AND WE ARE ASSUMING THAT IF THIS OPTION AGREED UPON IT WOULD NOT BE ACCOMPLISHED THIS FISCAL YEAR.

9. OTHER OPTION. FOR THE RECORD, WE HAVE HAD IN MIND THE POSSIBILITY OF YET ANOTHER OPTION, WHICH WOULD BE TO CONVERT PRESENT CHIEF'S RESIDENCE INTO AN OFFICE BUILDING AND FIND SEPARATE QUARTERS ELSEWHERE FOR THE CHIEF, E.G., CONVERTING PRESENT DC AND ECON COUNSELOR APARTMENTS INTO SINGLE APARTMENT FOR THE CHIEF (CANADIANS AND LEBANESE HAVE SUCH APARTMENTS FOR THEIR AMBASSADORS), RELOCATING THE TWO DISPLACED OFFICERS ELSEWHERE; OR OBTAINING A SEPARATE HOUSE (AS THE JAPANESE HAVE DONE) FOR THE CHIEF'S RESIDENCE. WE DO NOT KNOW AT THIS POINT OF ANY RESIDENCE AVAILABLE FOR THIS PURPOSE AND WOULD HAVE TO SEEK ONE DIRECTLY THROUGH THE CHINESE.

10. CURRENT SITUATION. WE HAVE NOT YET SUCCEEDED IN A

SATISFACTORY SHUFFLE OF EXISTING SPACE TO ACCOMMODATE STAFF INCREASES NOW UNDERWAY BUT EXPECT TO BE ABLE TO DO SO, WITH PARTITIONING AND OTHER FURTHER CRAMPING OF OFFICES.

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11. RECOMMENDATIONS. (A) WHATEVER ROUTE WE WISH TO PURSUE - SWAP WITH TURKS, EXPANSION OF PRESENT BUILDING, CONVERT PRESENT RESIDENCE TO OFFICE SPACE AND SEEKING NEW RESIDENCE ELSEWHERE - WE WILL NEED TECHNICAL AND FINANCIAL JUDGEMENTS THAT ONLY DEPARTMENT IS EQUIPPED TO PROVIDE. ONCE WE RECEIVE REPLY FROM CHINESE REGARDING NEW USLO CONSTRUCTION AND, PERHAPS, HAVE DISCUSSED OTHER ALTERNATIVES WITH THEM, OUR OPTIONS WILL BE CLEARER AND WE WILL BE AT POINT WHERE VISIT TO PEKING BY RALPH SCARRITT MIGHT BE PARTICULARLY HELPFUL. WE RECOMMEND SCARRITT CONSIDER MAKING SUCH A VISIT AT END OF JANUARY (PERHAPS IMMEDIATELY FOLLOWING COM CONFERENCE) OR EARLY FEBRUARY. WE WOULD RECOMMEND ALSO THAT DEPARTMENT HAVE IN MIND THAT ASSISTANCE BY ARCHITECT/ENGINEER, OR PERHAPS ON TDY OR CONTRACT FROM HONG KONG OR TOKYO, PROBABLY WILL BE REQUIRED BEFORE FISCAL DECISIONS ARE MADE.

(B) MEANWHILE, DEPARTMENT MIGHT PROFITABLY CONSIDER WHAT WOULD BE MOST EFFECTIVE CONTENT OF A DEMARCHE TO LING PING IN MID-MONTH IF WE APPROACH HIM THEN IN THE ABSENCE OF A USEFUL REPLY FROM THE DSB.
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